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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

ROBERT "BOB" BURNS - Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

DOCKETED

JAN 22 2021

DOCKETED BY

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In the matter of

Frederick Arias, an unmarried man,

Bradley J. Tennison and Deborah Tennison,
husband and wife,

The Joseph Project, an unincorporated
association

Respondents.

DOCKET NO. S-21078A-19-0143

DECISION NO. 77878

**ORDER TO CEASE AND DESIST, ORDER
OF REVOCATION, ORDER FOR
ADMINISTRATIVE PENALTIES, AND
CONSENT TO SAME
BY: BRADLEY J. TENNISON**

**ORDER OF DISMISSAL WITHOUT
PREJUDICE AND CONSENT TO SAME
BY: DEBORAH TENNISON**

Respondent Bradley J. Tennison elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act"), and Articles 7 and 8 of the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.* ("Investment Management Act") with respect to this Order To Cease And Desist, Order of Revocation, Order for Administrative Penalties, and Consent to Same ("Order"). Bradley J. Tennison admits the jurisdiction of the Arizona Corporation Commission ("Commission"); admits the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission, solely for the purpose of settling this proceeding.

I.

FINDINGS OF FACT

1. Bradley J. Tennison ("Tennison") was a resident of Arizona at all relevant times.

2. From approximately August 15, 2005, to April 26, 2018, Tennison was registered with the Commission as a salesman in association with Geneos Wealth Management, Inc. ("Geneos").

3. From approximately January 9, 2006, to April 26, 2018, Tennison was licensed with the Commission as an investment adviser representative.

4. From approximately August 15, 2005, to April 26, 2018, Tennison was registered with the Financial Industry Regulatory Authority ("FINRA") as a general securities representative in association with Geneos.

5. On or around April 25, 2018, Tennison was discharged from Geneos.

6. On July 2, 2018, Tennison entered into a Letter of Acceptance, Waiver, and Consent ("AWC") with FINRA.

7. Pursuant to the AWC, Tennison consented to the entry of findings that he refused to cooperate with FINRA's investigation in violation of FINRA Rules 8210 and 2010.

8. Pursuant to the AWC, Tennison was permanently barred in all capacities from associating with any FINRA member, effectively revoking his registration with FINRA as a securities broker.

9. The Joseph Project is an unincorporated association which operated within or from Arizona during all relevant times.

10. Tennison was the managing associate and first director of The Joseph Project from at least November 12, 2015, to December 23, 2015. No funds were raised for The Joseph Project during this time.

11. Tennison has been the general manager of The Joseph Project since at least December 23, 2015.

12. From at least October 2015 through September 2016, a group of individuals, including Marcus Lee (also known as the "General"), Arias, and Tennison originated a securities offering which raised at least \$9,450,000 from at least nine investors.

1 13. During the summer of 2015, Tennison and Arias created The Joseph Project, a pooled
2 investment vehicle purported to generate returns while benefitting religious or humanitarian projects.

3 14. In or around October 2015, Tennison began to solicit investments in The Joseph
4 Project, largely from Tennison's clients and former clients.

5 15. Tennison continued to offer investments in The Joseph Project through at least
6 September 2016.

7 16. From December 2015 through September 2016, Tennison participated in the sale of
8 investments in The Joseph Project to at least nine investors ("Investors") in exchange for at least
9 \$9,450,000.

10 17. The Investors were provided with little or no documentation regarding The Joseph
11 Project.

12 18. During the offering process, Tennison made the following false representations to
13 certain Investors:

- 14 a. The investment proceeds would be placed in a bank account and would remain
15 in that account;
- 16 b. The investment proceeds would be used only as collateral;
- 17 c. The investment was 100% safe;
- 18 d. Banks would use the investment proceeds for after-hours trading that would
19 generate returns;
- 20 e. The profits generated by the "bank trading programs" would be distributed to
21 the Investors in the form of a return given the term "enhancement";
- 22 f. The profits generated by the bank trading programs would also be used for
23 religious and humanitarian projects;
- 24 g. After one year, the Investors would receive their investment principal along
25 with any accrued "enhancement"; and
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1 h. Tennison had invested \$1,000,000 of his own money in The Joseph Project or
2 a similar investment and had been receiving a 10% return monthly.

3 19. The Investors had no authority to manage or control the operations of The Joseph
4 Project, nor did they have any duties or responsibilities.

5 20. Each of the investments in The Joseph Project was wired to a single bank account,
6 where it was pooled with investments from other Investors.

7 21. Frederick Arias retained sole control of The Joseph Project bank account.

8 22. Most of the funds invested in The Joseph Project by the Investors were
9 misappropriated, including:

10 a. \$500,000 wired to a bank account in the Czech Republic in May 2016;

11 b. \$5,000,000 wired to a Norwegian bank account in June 2016;

12 c. \$2,500,000 wired to an Australian bank account in April 2017; and

13 d. At least \$695,227 paid to Shield Defense Systems, Inc., a corporation controlled
14 by Arias.

15 23. None of the Investors have received the promised returns.

16 24. Of the \$9,450,000 invested in The Joseph Project, only \$375,000 has been returned to
17 the Investors.

18 25. The Tennison family also invested money into The Joseph Project. Tennison invested
19 \$200,000, Tennison's mother invested \$200,000, and Tennison's brother invested \$150,000 into the
20 Joseph Project. Tennison received no fees, dividends or funds from The Joseph Project or its bank
21 account.

22 26. In June 2019, the state of Arizona indicted Tennison on sixteen felony counts relating
23 to the conduct described above, including sale of unregistered securities, conspiracy, fraudulent
24 schemes and artifices, money laundering, theft, and illegal control of an enterprise.
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27. In June 2020, Tennison entered into a plea agreement pursuant to which Tennison pled guilty to Count 17, attempt to commit sale-unregistered securities. On October 23, the Court held a sentencing hearing where Mr. Tennison's plea was accepted, and he was sentenced to three years' probation, including twenty days in jail and to pay \$9,075,000 in restitution.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, the Securities Act, and the Investment Management Act.

2. Tennison and The Joseph Project offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(16), 44-1801(22), and 44-1801(27).

3. Tennison violated A.R.S. § 44-1841 by offering and selling securities that were neither registered nor exempt from registration.

4. Tennison and The Joseph Project violated A.R.S. § 44-1991 by (a) employing a device, scheme, or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and (c) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit. Respondents' conduct includes, but is not limited to, the following:

a. Falsely representing to certain Investors that:

i. The investment proceeds would be placed in a bank account and would remain in that account;

ii. The investment proceeds would be used only as collateral;

iii. The investment was 100% safe;

iv. Banks would use the investment proceeds for after-hours trading that would generate returns;

- v. The profits generated by the bank trading programs would be distributed to the Investors in the form of a return given the term "enhancement";
- vi. The profits generated by the bank trading programs would also be used for religious and humanitarian projects;
- vii. After one year, the Investors would receive their investment principal along with any accrued "enhancement"; and
- viii. Tennison had invested \$1,000,000 of his own money in The Joseph Project or a similar investment and had been receiving a 10% return monthly.

5. Tennison's conduct subjects Tennison to an order of revocation pursuant to A.R.S. §§ 44-1962(A)(2), 44-1962(A)(8), 44-1962(A)(10), 44-3201(A)(10) and 44-3201(A)(13).

6. Tennison's conduct is grounds for a cease and desist order pursuant to A.R.S. §§ 44-2032, 44-3292, 44-1962 and 44-3201.

7. Tennison's conduct is grounds for administrative penalties under A.R.S. §§ 44-2036, 44-3296, 44-1962, and 44-3201.

8. Tennison directly or indirectly controlled The Joseph Project within the meaning of A.R.S. § 44-1999. Therefore, Tennison is jointly and severally liable under A.R.S. § 44-1999 to the same extent as The Joseph Project for any violations of A.R.S. § 44-1991.

III.

ORDER

WHEREAS, Tennison has entered into a plea agreement with the state of Arizona in CR2019-002711 ("the Criminal Proceeding"), pursuant to which Tennison has agreed to pay restitution totaling \$9,075,000 to the Investors referenced in ¶ 16, *supra*.

1 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents
2 consent to the entry of this Order, attached and incorporated by reference, the Commission finds that
3 the following relief is appropriate, in the public interest, and necessary for the protection of investors:

4 IT IS ORDERED, pursuant to A.R.S. §§ 44-1962, 44-2032, 44-3201, and 44-3292, that
5 Tennison, and any of Tennison's agents, employees, successors and assigns, permanently cease and
6 desist from violating the Securities Act and Investment Management Act.

7 IT IS FURTHER ORDERED that Tennison shall comply with the attached Consent to Entry
8 of Order.

9 IT IS FURTHER ORDERED, pursuant to A.R.S. §§ 44-2036, 44-3296, 44-1962, and 44-
10 3201, that Respondent Tennison shall, jointly and severally with all Respondents against whom
11 orders are entered under Docket No. S-21078A-19-0143, pay an administrative penalty in the amount
12 of \$75,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law.
13 Payment shall be due 60 days following the satisfaction of the restitution imposed in the Criminal
14 Proceeding. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue
15 interest as allowed by law.

16 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that Tennison's securities
17 salesman registration is revoked.

18 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3201, that Tennison's investment
19 adviser representative license is revoked.

20 For purposes of this Order, a bankruptcy filing by Tennison shall be an act of default. If
21 Tennison does not comply with this Order, any outstanding balance may be deemed in default and
22 shall be immediately due and payable.

23 IT IS FURTHER ORDERED, that if Tennison fails to comply with this order, the
24 Commission may bring further legal proceedings against Tennison, including application to the
25 superior court for an order of contempt.

1 IT IS FURTHER ORDERED that no finding of fact or conclusion of law contained in this
2 Order shall be deemed binding against any Respondent under this Docket Number who has not
3 consented to the entry of this Order.

4 IT IS FURTHER ORDERED dismissing Deborah Tennison from this proceeding. IT IS
5 FURTHER ORDERED removing Bradley Tennison and Deborah Tennison from the Service List for
6 future filings in this Docket Number.

7 IT IS FURTHER ORDERED that each party shall bear its own attorney's fees and costs.

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1 IT IS FURTHER ORDERED that this Order shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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5 CHAIRWOMAN MARQUEZ PETERSON


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7 COMMISSIONER KENNEDY

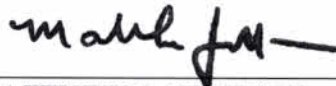

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9 COMMISSIONER OLSON


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11 COMMISSIONER TOVAR


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13 COMMISSIONER O'CONNOR



14 IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,
15 Executive Director of the Arizona Corporation Commission,
16 have hereunto set my hand and caused the official seal of the
17 Commission to be affixed at the Capitol, in the City of Phoenix,
18 this 22 day of January, 2021.

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21 MATTHEW J. NEUBERT
22 EXECUTIVE DIRECTOR

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24 DISSENT

25
26 DISSENT

This document is available in alternative formats by contacting Carolyn D. Buck, ADA
Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov.

(CAN)

CONSENT TO ENTRY OF ORDER

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2 1. Respondent Tennison admits the jurisdiction of the Commission over the subject
3 matter of this proceeding. Respondent Tennison acknowledges that he has been fully advised of his
4 right to a hearing to present evidence and call witnesses and Respondent Tennison knowingly and
5 voluntarily waives any and all rights to a hearing before the Commission and all other rights
6 otherwise available under Article 11 of the Securities Act, Article 7 of the Investment Management
7 Act, and Title 14 of the Arizona Administrative Code. Respondent Tennison acknowledges that this
8 Order to Cease And Desist, Order of Revocation, Order for Administrative Penalties, and Consent to
9 Same ("Order") constitutes a valid final order of the Commission.

10 2. Respondent Tennison knowingly and voluntarily waives any right under Article 12 of
11 the Securities Act and Article 8 of the Investment Management Act to judicial review by any court
12 by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

13 3. Respondent Tennison acknowledges and agrees that this Order is entered into freely
14 and voluntarily and that no promise was made or coercion used to induce such entry.

15 4. Respondent Tennison has been represented by an attorney in this matter, has reviewed
16 this order with his attorney, Paul Roshka of Polsinelli PC, and understands all terms it contains.
17 Respondent Tennison acknowledges that his attorney has apprised him of his rights regarding any
18 conflicts of interest arising from dual representation. Respondent Tennison acknowledges that he
19 has given his informed consent to such representation.

20 5. Respondent Tennison admits the Findings of Fact and Conclusions of Law contained
21 in this Order. Respondent Tennison agrees that he shall not contest the validity of the Findings of
22 Fact and Conclusions of Law contained in this Order in any present or future proceeding in which
23 the Commission is a party.

24 6. Respondent Tennison further agrees that he shall not deny or contest the Findings of
25 Fact and Conclusions of Law contained in this Order in any present or future: (a) bankruptcy
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1 proceeding, or (b) non-criminal proceeding in which the Commission is a party (collectively,
2 "proceeding(s)"). Respondent Tennison further agrees that in any such proceedings, the Findings of
3 Fact and Conclusions of Law contained in this Order may be taken as true and correct and that this
4 Order shall collaterally estop him from re-litigating with the Commission or any other state agency,
5 in any forum, the accuracy of the Findings of Fact and Conclusions of Law contained in this Order.
6 Respondent Tennison further agrees that, in the event Respondent Tennison pursues bankruptcy
7 protection in the future, in such bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the
8 following circumstances exist:

9 A. The obligations incurred as a result of this Order are a result of the conduct
10 set forth in the Findings of Fact and Conclusions of Law in the Order and are for the violation of
11 Arizona state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

12 B. This Order constitutes a judgment, order, consent order, or decree entered in
13 a state proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by
14 Respondent Tennison pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fine,
15 penalty, citation, restitution payment, disgorgement payment, attorney fee, cost or other payment
16 owed by Respondent Tennison pursuant to 11 U.S.C. § 523(a)(19)(B)(iii); and

17 C. The administrative penalty imposed by this Order is a penalty to and for the
18 benefit of a governmental unit within the meaning of 11 U.S.C. § 523(a)(7) and is not compensation
19 for actual pecuniary loss.

20 7. By consenting to the entry of this Order, Respondent Tennison agrees not to take any
21 action or to make, or permit to be made, any public statement denying, directly or indirectly, any
22 Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is
23 without factual basis.

1 8. Respondent Tennison acknowledges that the Commission enters into this consent
2 order based upon his agreement to fully comply with and pay all restitution imposed by any order or
3 judgment issued in the Criminal Proceeding.

4 9. While this Order settles this administrative matter between Respondent Tennison and
5 the Commission, Respondent Tennison understands that this Order does not preclude the
6 Commission from instituting other administrative or civil proceedings based on violations that are
7 not addressed by this Order.

8 10. Respondent Tennison understands that this Order does not preclude the Commission
9 from referring this matter to any governmental agency for administrative, civil, or criminal
10 proceedings that may be related to the matters addressed by this Order.

11 11. Respondent Tennison understands that this Order does not preclude any other agency
12 or officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
13 proceedings that may be related to matters addressed by this Order.

14 12. Respondent Tennison agrees that he will not apply to the state of Arizona for
15 registration as a securities dealer or salesman or for licensure as an investment adviser or investment
16 adviser representative until such time as all restitution in the Criminal Proceeding and all penalties
17 under this Order are paid in full.

18 13. Respondent Tennison agrees that he will not exercise any control over any entity that
19 offers or sells securities or provides investment advisory services within or from Arizona until such
20 time as all restitution in the Criminal Proceeding and all penalties under this Order are paid in full.

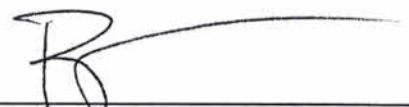
21 14. Respondent Tennison agrees that he will continue to cooperate with the Securities
22 Division including, but not limited to, providing complete and accurate testimony at any hearing in
23 this matter and cooperating with the state of Arizona in any related investigation or any other matters
24 arising from the activities described in this Order.

15. Respondent Tennison consents to the entry of this Order and agrees to be fully bound by its terms and conditions.

16. Respondent Tennison acknowledges and understands that if he fails to comply with the provisions of the order and this consent, the Commission may bring further legal proceedings against him, including application to the superior court for an order of contempt.


17. Respondent Tennison understands that default shall render him liable to the Commission for its costs of collection, including reasonable attorneys' fees and interest at the maximum legal rate.

18. Respondent Tennison agrees and understands that if he fails to make any payment as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. Respondent Tennison agrees and understands that acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.


(Bradley J. Tennison)

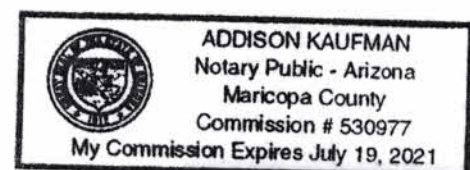
STATE OF ARIZONA)
County of Maricopa) ss

SUBSCRIBED AND SWORN TO BEFORE me this 20th day of December,


NOTARY PUBLIC

My commission expires:

07-19-2021



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Deborah Tennison
(Deborah Tennison)

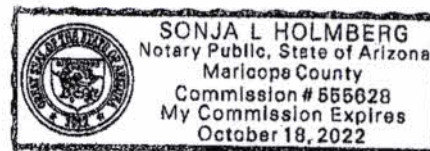
STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 03 day of November,

Sonja L. Holmberg
NOTARY PUBLIC

My commission expires:

10/18/2022



SERVICE LIST FOR: *Frederick Arias et al.*

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